

KENO DEPARTMENT

STATE OF NEVADA
GAMING CONTROL BOARD
INTERNAL AUDIT COMPLIANCE CHECKLIST

KENO DEPARTMENT

WALK-THROUGH PROCEDURES

For the walk-through procedures, indicate (by tickmark) whether the procedures were confirmed through inquiry of licensee personnel, via observation of procedures, or examination of a completed document.

Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary. **Note W/P Ref.:** _____

All “no” and “n/a” answers require an explanation and disposition (e.g., approval of alternative procedure granted by the Board, including computerized applications). All exceptions noted should be carried to the internal auditor’s report/summary of findings for timely follow-up. **Note W/P Ref.:** _____

The bolded number following each question refers to the applicable regulation/statute.

Scope

This checklist must be completed once in each fiscal year.

MICS Variations and Regulation Waivers

Obtain copies of MICS variation requests and GCB correspondence regarding such requests from appropriate property personnel. Review to determine status of evidence of any waivers or alternative requirements imposed by granted variations. Modify and/or perform additional procedures as applicable.

Associated Equipment

Determine if field trial or final approval has been received for all associated equipment used in the keno games department. For all unreported associated equipment, cite violations of **Regulation 14.290**. If any associated equipment is currently on field trial, it is not necessary to perform a walk-through of the procedures in effect utilizing the field trial letter. For “approved” associated equipment, utilizing the final approval letter, perform a walk-through of any **special requirements** imposed on the use of the associated equipment including any additional controls which were included in the written system of internal control.

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

Note: Variations/waivers and associated equipment need only be scheduled once. Refer to the work paper where the details are scheduled and complete the last two columns of the above grid if walk-through procedures are affected.

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE
1. Complete the CPA MICS Compliance Checklist for Computerized Keno in accordance with the CPA MICS Compliance Reporting Requirements "Guidelines".					
2. If there is a keno game or a progressive keno game with limits on winning tickets or the value of the keno game exceeding the total maximum sum of \$250,000 on any one game, has prior written approval been received from the Chairman? Regulation 5.025(3)					
3. If the Chairman has imposed limits on the progressive keno game or required the maintenance of a reserve in the form of cash, cash equivalent, a bond, or a combination thereof, are the limits or reserve in accordance with the Chairman's approval? Regulation 5.025(4)					
In-house Progressive Payoff Schedules					
4. Scan progressive meter readings for the most recent two weeks and determine that:					

E = Confirmed via examination/review
I = Confirmed via inquiry
O = Confirmed via observation

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<p>a. The amount of each progressive payoff schedule is recorded at least one time daily. Regulation 5.110</p> <p>b. The payoff amount has not been decreased except as allowed by Regulation 5.110. (Any reduction should be supported by appropriate documentation.)</p>					
<p>5. Is a record of the base amount for each progressive payoff schedule maintained? Regulation 5.110</p>					
<p>Surveillance</p> <p>6. Is adequate video surveillance provided over the keno games area? Regulation 5.160(9) and Surveillance Standard #4</p>					
<p>Free Play and Promotional Items</p> <p>7. If free play or promotional items are <u>currently</u> being offered, is the accounting treatment proper? NRS 463.0161, NRS 463.3715 and Regulation 6.110</p>					
<p><u>Procedures Modified or Added</u></p>					

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	YES	NO	N/A	COMMENT, W/P REFERENCE	PERSON INTERVIEWED/ TITLE

E = Confirmed via examination/review
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TESTING PROCEDURES

OBJECTIVES: To determine if controls for keno are adequate to ensure keno revenues are accurately stated in financial records and comply with the MICS.

PREPARATION: Review the MICS variations and regulation waivers scheduled during the keno walk-through procedures. Modify and/or perform additional procedures as applicable. Note below the number of the procedure modified or added. Only the last two columns need to be completed if the remaining information is scheduled in the "Walk-through Procedures Checklist".

Date Approval Granted	MICS Number or Regulation	Description of Variation/Waiver Granted or Associated Equipment Approval	Number(s) of Procedure Modified or Added	W/P Ref. (if appl.)

SCOPE: Unless otherwise indicated, select one day within the last seven. Select a shift from that day. If a shift is designated as other than an eight-hour time period, select one writer for that day.

Date: _____ **Shift/Writer:** _____

COMPLETION: Using your own work papers, document the completion of the procedures listed below. All exceptions noted should be carried to the internal auditor's report/summary of findings for timely follow-up.

Note W/P Ref.: _____

	W/P Reference/Comments	Auditor's Initials/Date
1. Review prior internal audit reports. Schedule any relevant exceptions cited, including those cited by the GCB or the external auditor, or include a copy of the prior audit reports in the work papers and follow-up on any problems noted. Duplication of exceptions when the external auditor is referring to exceptions reported in internal audit reports is not necessary.		

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2. Foot the cash turn-in on the count sheets. Foot and cross-foot the keno shift summary and trace the cash turn-in from the count sheet to the cash column of the keno shift summary.		
3. Foot the write on the restricted copy of the transaction log for one writer station. Trace the write to the write on the keno shift summary.		
4. Foot payouts as recorded on each outside ticket. Trace the payouts noted above to the payouts on the keno shift summary.		
5. If any free play or promotional items were in effect on the test date, determine that the accounting treatment was proper and that win/loss was properly computed.		
6. Determine that audited keno win/loss is computed as write minus payouts (and must not include writers' overs/shorts). Trace audited keno win/loss from keno shift summaries to the monthly revenue journal.		
7. For the month in which the test day was selected foot the win/loss amounts in the monthly revenue journal. Trace the win/loss to the monthly revenue journal to the NGC tax reports. Examine general ledger accounts for the propriety of any activity that affects reported revenue.		
8. Examine system exception reports and determine propriety of changes to system parameters (e.g., changes in paytables, ball draws, payouts over a predetermined amount, etc.).		
9. Examine the personnel access listing and determine that each user has a unique password and that passwords are changed at least quarterly with changes documented.		

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10. For computerized systems, obtain the personnel access listing: a. For computerized systems that have group profiles (job specific profiles), select five group profiles and determine whether the job functions (rights) assigned to the group profile are appropriate for the group. In addition, select one employee from each of the groups and determine whether the group profile is appropriate for the employee. b. For computerized systems that have individual profiles (profiles are customized for each employee), select ten employees, encompassing as many positions as possible, and determine whether the job functions (rights) assigned to each employee are appropriate for the employee. c. Verify that inactive employees have been deleted.		
<u>Procedures Modified or Added</u>		